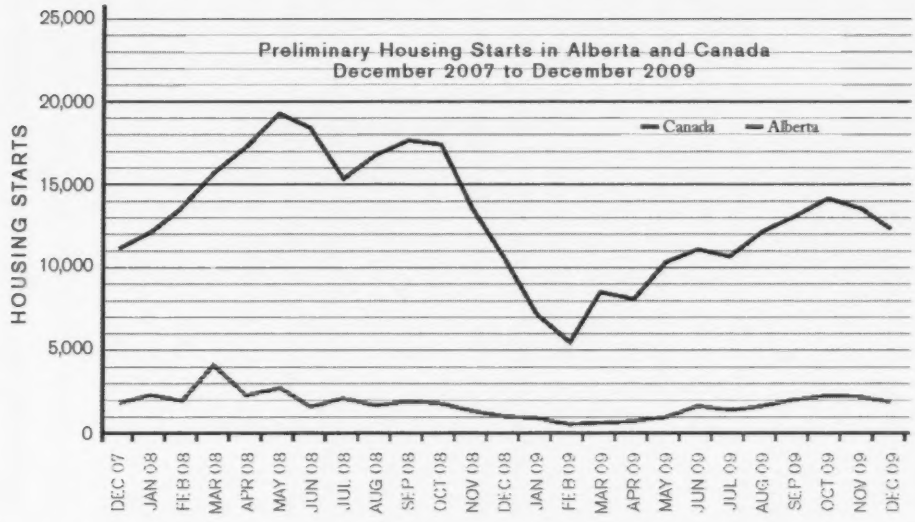
January 2010

Housing Bulletin Monthly Report

MOST NEW HOMES BUILT in SECOND HALF OF 2009



- Alberta's December 2009 housing starts increased 72.8 per cent over December 2008, suggesting a healthy recovery in Alberta's home building sector from the 2008 economic slow down.

• Data reflects centres with a population of 10,000 and over only.

Source: Canada Mortgage and Housing Corporation

- Canada's total housing starts were down 9.2 per cent from November 2009 to December 2009, but were up 16.9 per cent compared to December 2008.
- 2009 housing starts in Canada can be split into two time periods: January through July versus August through December. Seasonally adjusted monthly housing starts (annualized and average) in the final five months of the year were one-quarter higher than in the first seven months in Canada's urban centres.
- Alberta's December 2009 housing starts decreased 14.3 per cent over the previous month (November 2009).
- Compared to the past two years, the 2009 November to December dip in housing starts is smaller where total housing starts decreased by 32 per cent from November to December 2007 and 23 per cent during the same period in 2008.

ISSUE HIGHLIGHTS

Housing Starts
Further increases in supply will take some steam out of the market resulting in a more balanced market and smaller price increases in 2010.
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Rental Market
More apartments available in Alberta's largest cities than in other provinces.
Page 3

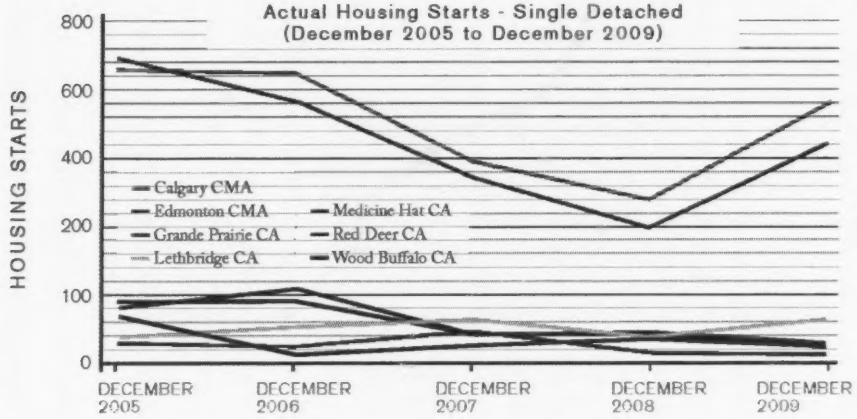
Overnight Rate
Bank of Canada reaffirms pledge to hold rates until June 2010.
Page 5

The Bank of Canada believes it is premature to talk about a bubble in Canadian housing markets.

(SOURCE: REUTERS)

REAL ESTATE ASSOCIATION) We look forward to a stable market continuing into the next decade. (ALBERTA REAL ESTATE ASSOCIATION) We look forward to a stable market continuing in

SINGLE-FAMILY HOUSING STARTS ROSE 76 PER CENT from DECEMBER 2008 to DECEMBER 2009

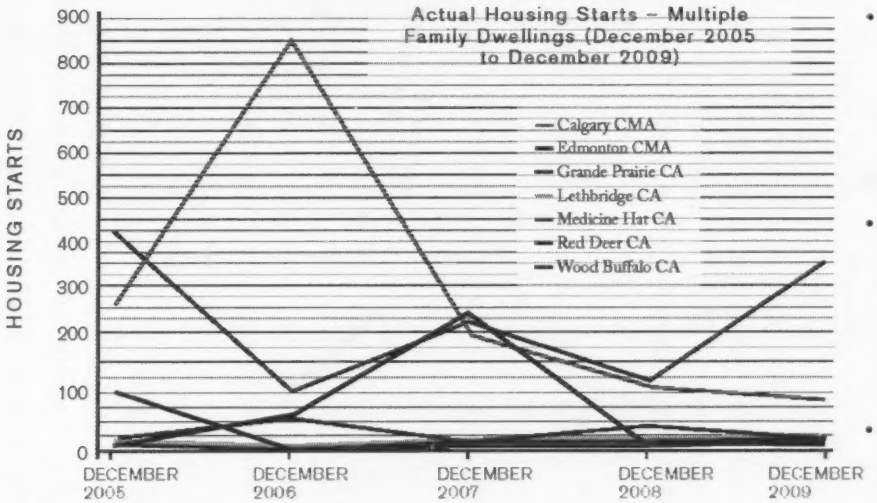


- Grande Prairie (-49 per cent), Medicine Hat (-13 per cent), Red Deer (-47 per cent), and Wood Buffalo (-14 per cent) had fewer single-detached foundations poured in December 2009 compared to December 2008. Poor labour market conditions and economic uncertainty in these regions continues to slow housing starts by lessening demand in these markets.

Source: Canada Mortgage and Housing Corporation

- Total single-detached housing starts across Alberta's seven major urban centres increased 76 per cent from 94 in December 2008 to 166 in December 2009. These figures remain below the levels experienced during the height of the province's last economic and housing boom in December 2006 (215).
- From December 2008 to December 2009, housing starts for single-detached homes increased by 130 per cent in Edmonton and 97.5 per cent in Calgary. The increase in starts is in part attributed to the decline in resale and unabsorbed newly-constructed home inventories, as demand has picked up.
- According to Canada Mortgage and Housing Corporation's Senior Market Analyst for Edmonton, the expected improvements in Edmonton's economy in 2010 will result in continued gains in new single-detached activity in the months ahead.

MULTI-FAMILY STARTS WERE UP 60 PER CENT from DECEMBER 2008 to DECEMBER 2009

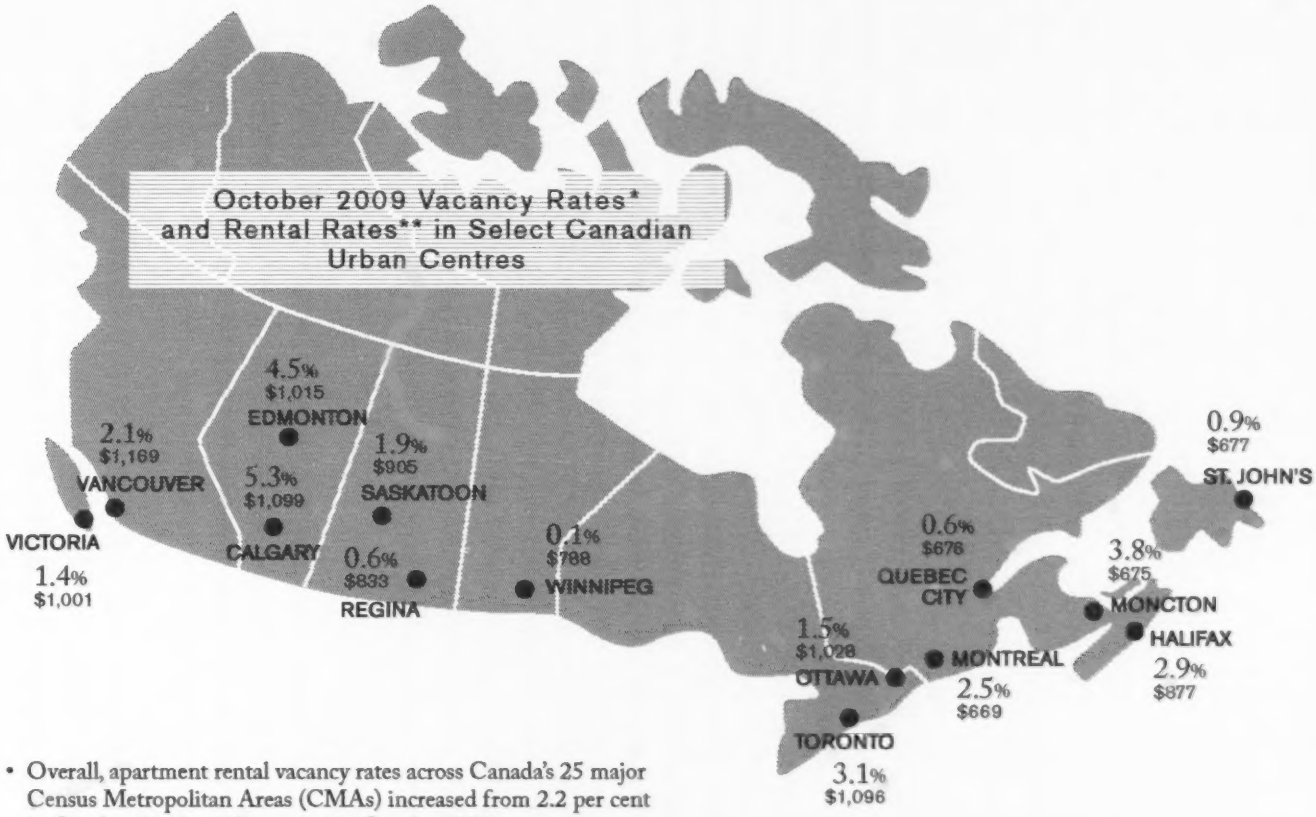


Source: Canada Mortgage and Housing Corporation

- Overall, construction of multi-family dwellings increased 60 per cent over the December 2008 to December 2009 period across Alberta's largest centres. The most impressive recovery was again in Edmonton, which rose from a low of 130 multiple starts in December 2008 to 364 in December 2009.
- Regionally, starts on multiple housing structures changed to varying degrees across the province year-over-year, with a notable increase in Lethbridge, from 6 to 27 starts (350 per cent). During the same period, Calgary's multi-family starts decreased by 18 per cent, as there is still a surplus of multi-family units.
- There were no multi-family housing units constructed in the Medicine Hat or Grande Prairie regions in December 2009.

2009. (AREA) The real estate market in Edmonton was the first place in the country to show signs of recovery in 2009. (ALBERTA REAL ESTATE ASSOCIATION) The real estate market

MORE APARTMENTS AVAILABLE in ALBERTA'S LARGER CENTRES than in ALL OTHER PROVINCES



- Overall, apartment rental vacancy rates across Canada's 25 major Census Metropolitan Areas (CMAs) increased from 2.2 per cent in October 2008 to 2.8 per cent in October 2009.
- Lack of demand for rental housing across Canada was due to slower growth in youth employment and improved affordability of homeownership options. Rental construction and competition from the condominium market also added upward pressure on vacancy rates.
- In October 2009, Calgary and Edmonton had higher vacancy rates* than most*** other CMAs in Canada.
- The average monthly rental rate increased over the past year (October 2008 to October 2009) in all of Canada's large urban centres except for Edmonton and Calgary.
- Despite Alberta's overall decrease in urban rental rates** over the past year, both Edmonton and Calgary ranked in the top five most expensive cities*** to rent** in Canada. Calgary ranked second behind Vancouver and Edmonton ranks fifth behind Toronto and Ottawa.

* Average vacancy rates includes all unit types (i.e., Bachelor, 1-Bedroom, 2-Bedroom and 3-Bedroom+).

** Average monthly rental rate for a 2-Bedroom apartment.

*** Other smaller Canadian CMAs not presented (Windsor and Peterborough, Ontario and Abbotsford, British Columbia) had higher vacancy rates than Calgary and Edmonton.

Source: Canada Mortgage and Housing Corporation

010. (CMHC) Vacancy rates expected to lower in Calgary (to 3.5 per cent) and Edmonton (to 3.7 per cent) by Fall 2010. (CMHC) Vacancy rates expected to lower in Calgary (to 3.5 per cent) and

EDMONTON HOME SALES ENDED 2009 with A BANG!

YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN EDMONTON IN THE MONTH OF DECEMBER

	AVERAGE PRICE							
	Single-Family Dwelling	Condominium	Duplex / Rowhouse	Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
Dec 05	$225,130	$149,254	$198,895	42	1,001	908	91	72
Dec 06	$341,933	$227,428	$295,178	30	1,024	1,074	105	87
Dec 07	$382,022	$253,270	$306,967	56	1,388	857	62	50
Dec 08	$351,870	$234,286	$292,893	65	1,319	608	46	43
Dec 09	$366,761	$244,174	$296,061	50	1,118	948	85	63

- With rumors of looming lending rate increases and a 15 per cent reduction in inventory, Edmonton homes sold faster in December 2009 (average of 50 days on market) than in the same month of 2008 and 2007.

Source: Realtors Association of Edmonton

- The average price of a single-family dwelling in Edmonton increased by 4.2 per cent from December 2008 to December 2009. From November 2009 to December 2009, the average price of a single-family dwelling in Edmonton fell slightly from $368,018 to $366,761.
- The average price of condominiums in December 2009 increased 5.5 per cent over November 2009 and 4.2 per cent over December 2008.
- Edmonton home sales (948) were at the second highest level for the month of December (after a record number of sales in 2006 of 1,074).

CALGARY'S 2009 HOME SALES ACTIVITY CAME IN like A LAMB AND WENT OUT LIKE A LION

YEAR-TO YEAR-COMPARISON OF HOUSING RESALE ACTIVITY IN CALGARY IN THE MONTH OF DECEMBER

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market
Dec 07	$444,769	3,364	984	846	51	$304,719	1,535	468	393	49
Dec 08	$417,398	3,860	836	449	61	$274,919	1,863	431	205	61
Dec 09	$451,349	2,054	806	799	47	$288,640	1,204	444	341	47

- Calgary homes sold faster in December 2009 compared to the same month in the previous year. The average number of days on market for both single-family dwellings and condominiums hovered around 47, pointing towards a balanced market leading into 2010.

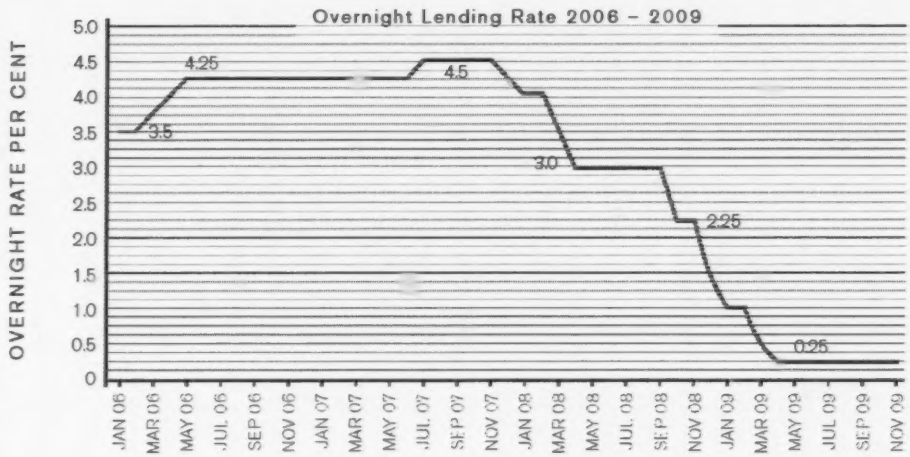
* Excerpt from a January 6, 2010 news article in the *Calgary Sun*.

Source: Calgary Real Estate Board

- The average price for a single-family home in Calgary increased 8 per cent from December 2008 to December 2009. The average price of a condominium increased 5 per cent during the same period.
- Calgary's December 2009 single-family home sales were up an impressive 78 per cent from the same month one year ago, while the number of condominiums sold rose 66 per cent.
- However, economists are predicting that once the demand dries up and the pool of first time home buyers is depleted, home sales will slow down across Alberta.*

TATE ASSOCIATION) Existing home sales activity reached the highest level ever for the month of December 2009. (CANADIAN REAL ESTATE ASSOCIATION) Existing home sales activity reached the hig

RATES HIT ROCK BOTTOM IN 2009 with LITTLE ROOM TO GO ANYWHERE BUT UP IN 2010

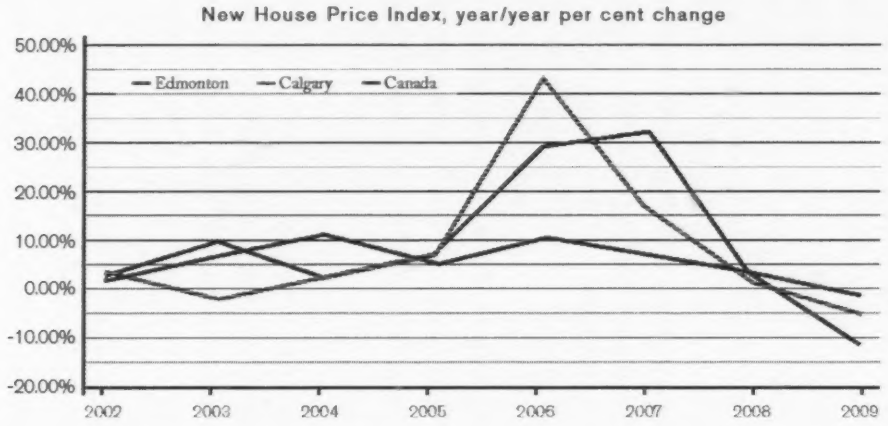


- The target for the Overnight Lending Rate is the main tool used by the Bank of Canada to conduct monetary policy. When the Bank changes the target for the Overnight Rate, this change usually affects other interest rates, including mortgage rates.
- In response to the global financial crisis, the Bank of Canada began to lower its overnight lending rate on December 4, 2007. As of December 31, 2009, the Overnight Lending Rate was 0.25 per cent.

- The Bank of Canada has pledged to leave the interest rate at this record low until June 2010, as it sees no need to cool the recovery in house prices despite rumblings of a housing bubble. The key rate is likely to increase to 0.75 per cent in the third quarter and to 1.5 per cent by the end of 2010, after which home sales will likely moderate in response to the rise in mortgage rates.

Source: Bank of Canada

SHARP DECLINE IN NEW HOME PRICES in CALGARY and EDMONTON



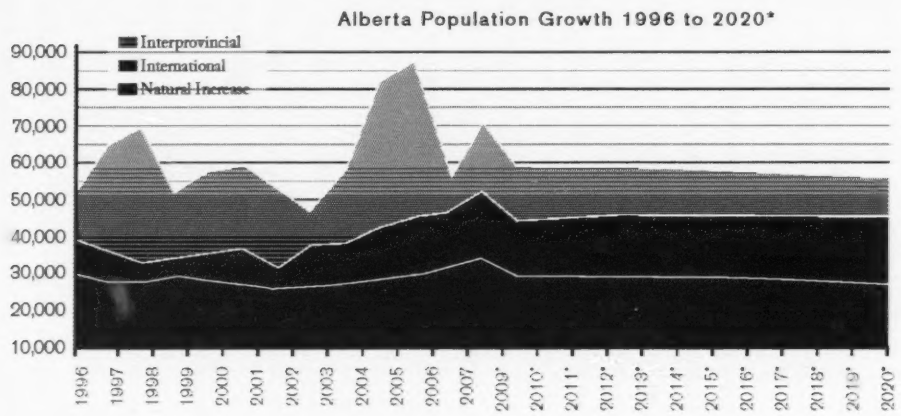
- The New Housing Price Index (NHPI) measures changes over time in contractors' selling prices of new residential houses. The NHPI is used to track and analyze events and trends in this important component of the construction sector to inform policy development, construction and track new home value.
- Although declines were recorded in Edmonton (-12.6 per cent) and Calgary (-5.9 per cent) from December 2008 to December 2009, both cities experienced small month-over-month increases throughout 2009 indicating prices will gradually increase.

- Nationally, the NHPI rose 0.4 per cent in November 2009 following a 0.3 per cent increase in October 2009. The monthly index has been steadily increasing since July 2009. Some builders have been offering lower selling prices and negotiating discounts to generate sales in response to the slump in the economy.

Source: Statistics Canada

ta) New home prices will mirror the price recovery seen in resale markets, but with a lag. (CANADATA) Ne

ALBERTA POPULATION GROWTH



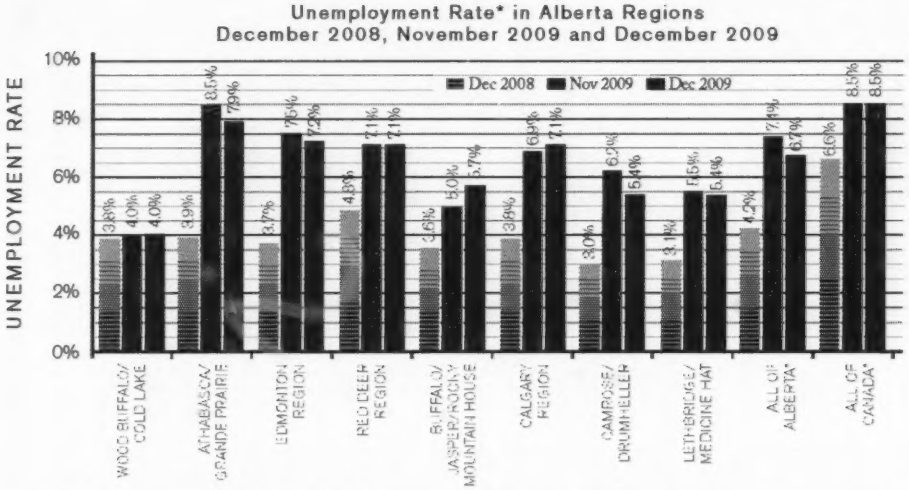
- With the population shifting to include a larger proportion of recent migrants, it is likely that housing needs will shift more toward affordable rental options rather than home ownership, as we approach 2020.

* Data for 2009 to 2020 is a Statistics Canada population projection (medium growth scenario).

Source: Statistics Canada

- Alberta continued to lead the country in population growth (up 2.26 per cent) in the third quarter of 2009, although at a slightly slower rate than the previous year.
- Alberta's natural population growth is expected to decline from a high of 47.9 per cent in 1996, to approximately 38 per cent of total growth by 2020.
- International migration has become an integral component to Alberta's population growth. The proportion of Alberta's total population growth from other countries increased from 8 per cent in 1998 to 30 per cent in 2008.
- Statistics Canada's population projections foresee Alberta's population continuing to grow, with a larger proportion being comprised of international migrants (38.7 per cent) over interprovincial (22.7 per cent).

ALBERTA'S LABOUR FORCE ENDED 2009 with IMPROVED STRENGTH



- Although it remains lower than the national average (8.5 per cent), the average unemployment rate in Alberta increased by more than 50 per cent over the past year: from 4.2 per cent in December 2008 to 6.7 per cent in December 2009.
- Since March 2009, employment in the province has stabilized (0.3 per cent), a contrast to the pronounced decline of -2.4 per cent observed since the employment peak in October 2008.
- The largest month-over-month improvement occurred in the Camrose/ Drumheller region, where unemployment fell from 6.2 per cent in November 2009 to 5.4 per cent in December 2009.

- Two regions in Alberta bucked the month-over-month decrease in unemployment rate: Calgary increased from 6.9 per cent (November 2009) to 7.1 per cent (December 2009) and the Banff/Jasper/Rocky Mountain House region, where unemployment rose from 5 per cent to 5.7 per cent.

* Seasonally adjusted.

Source: Alberta Employment and Immigration

DA) Employment in Alberta rose by 14,000 from November to December 2009 (STATISTICS CANADA) Emplo